

105TH CONGRESS  
1ST SESSION

# H. R. 106

To amend the Social Security Act to establish the Teaching Hospital and Graduate Medical Education Trust Fund, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

Mr. BENTSEN introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Social Security Act to establish the Teaching Hospital and Graduate Medical Education Trust Fund, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Graduate Medical Edu-  
5       cation Trust Fund Act of 1997”.

1 **SEC. 2. TEACHING HOSPITAL AND GRADUATE MEDICAL**  
2 **EDUCATION TRUST FUND.**

3 (a) IN GENERAL.—The Social Security Act (42  
4 U.S.C. 300 et seq.) is amended by adding at the end the  
5 following title:

6 “TITLE XXI—TEACHING HOSPITAL AND  
7 GRADUATE MEDICAL EDUCATION TRUST FUND

8 “PART A—ESTABLISHMENT OF FUND

9 “SEC. 2101. ESTABLISHMENT OF FUND.

10 “(a) IN GENERAL.—There is established in the  
11 Treasury of the United States a fund to be known as the  
12 Teaching Hospital and Graduate Medical Education Trust  
13 Fund (in this title referred to as the ‘Fund’), consisting  
14 of amounts transferred to the Fund under subsection (c),  
15 amounts appropriated to the Fund pursuant to sub-  
16 sections (d) and (e)(3), and such gifts and bequests as  
17 may be deposited in the Fund pursuant to subsection (f).  
18 Amounts in the Fund are available until expended.

19 “(b) EXPENDITURES FROM FUND.—Amounts in the  
20 Fund are available to the Secretary for making payments  
21 under section 2111.

22 “(c) TRANSFERS TO FUND.—

1           “(1) IN GENERAL.—From the Federal Hospital  
2 Insurance Trust Fund and the Federal Supple-  
3 mentary Medical Insurance Trust Fund, the Sec-  
4 retary shall, for fiscal year 1998 and each subse-  
5 quent fiscal year, transfer to the Fund an amount  
6 determined by the Secretary for the fiscal year in-  
7 volved in accordance with paragraph (2).

8           “(2) DETERMINATION OF AMOUNTS.—For pur-  
9 poses of paragraph (1), the amount determined  
10 under this paragraph for a fiscal year is an estimate  
11 by the Secretary of an amount equal to 75 percent  
12 of the difference between—

13               “(A) the nationwide total of the amounts  
14 that would have been paid under section 1876  
15 during the year but for the operation of sub-  
16 section (a)(1)(C)(ii)(II) of such section; and

17               “(B) the nationwide total of the amounts  
18 paid under such section during the year.

19           “(3) ALLOCATION BETWEEN MEDICARE TRUST  
20 FUNDS.—In providing for a transfer under para-  
21 graph (1) for a fiscal year, the Secretary shall pro-  
22 vide for an allocation of the amounts involved be-  
23 tween part A and part B of title XVIII (and the  
24 trust funds established under the respective parts)  
25 as reasonably reflects the proportion of payments for

1 the indirect costs of medical education and direct  
2 graduate medical education costs of hospitals associ-  
3 ated with the provision of services under each re-  
4 spective part.

5 “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
6 are authorized to be appropriated to the Fund such sums  
7 as may be necessary for each of the fiscal years 1998  
8 through 2004.

9 “(e) INVESTMENT.—

10 “(1) IN GENERAL.—The Secretary of the  
11 Treasury shall invest such amounts of the Fund as  
12 such Secretary determines are not required to meet  
13 current withdrawals from the Fund. Such invest-  
14 ments may be made only in interest-bearing obliga-  
15 tions of the United States. For such purpose, such  
16 obligations may be acquired on original issue at the  
17 issue price, or by purchase of outstanding obliga-  
18 tions at the market price.

19 “(2) SALE OF OBLIGATIONS.—Any obligation  
20 acquired by the Fund may be sold by the Secretary  
21 of the Treasury at the market price.

22 “(3) AVAILABILITY OF INCOME.—Any interest  
23 derived from obligations acquired by the Fund, and  
24 proceeds from any sale or redemption of such obliga-  
25 tions, are hereby appropriated to the Fund.

1       “(f) ACCEPTANCE OF GIFTS AND BEQUESTS.—The  
2 Fund may accept on behalf of the United States money  
3 gifts and bequests made unconditionally to the Fund for  
4 the benefit of the Fund or any activity financed through  
5 the Fund.

6       “PART B—PAYMENTS TO TEACHING HOSPITALS  
7       **“SEC. 2111. FORMULA PAYMENTS TO TEACHING HOS-**  
8               **PITALS.**

9       “(a) IN GENERAL.—In the case of each teaching hos-  
10 pital that in accordance with subsection (b) submits to the  
11 Secretary a payment document for fiscal year 1998 or any  
12 subsequent fiscal year, the Secretary shall make payments  
13 for the year to the teaching hospital for the direct and  
14 indirect costs of operating approved medical residency  
15 training programs. Such payments shall be made from the  
16 Fund, and shall be made in accordance with a formula  
17 established by the Secretary.

18       “(b) PAYMENT DOCUMENT.—For purposes of sub-  
19 section (a), a payment document is a document containing  
20 such information as may be necessary for the Secretary  
21 to make payments under such subsection to a teaching  
22 hospital for a fiscal year. The document is submitted in  
23 accordance with this subsection if the document is submit-  
24 ted not later than the date specified by the Secretary, and  
25 the document is in such form and is made in such manner

1 as the Secretary may require. The Secretary may require  
 2 that information under this subsection be submitted to the  
 3 Secretary in periodic reports.”.

4 (b) ADJUSTMENTS IN MEDICARE PAYMENTS.—

5 (1) REMOVAL OF MEDICAL EDUCATION AND  
 6 DISPROPORTIONATE SHARE HOSPITAL PAYMENTS  
 7 FROM CALCULATION OF ADJUSTED AVERAGE PER  
 8 CAPITA COST.—Section 1876(a)(1)(C) of such Act  
 9 (42 U.S.C. 1395mm(a)(1)(C)) is amended—

10 (A) by striking “(C) The annual” and in-  
 11 serting “(C)(i) Subject to clause (ii), the an-  
 12 nual”, and

13 (B) by adding at the end the following new  
 14 clause:

15 “(ii) In determining the average annual per capita  
 16 rate of payment for a year (beginning with 1998), such  
 17 rate shall be determined as though the Secretary had ex-  
 18 cluded from such rate any amounts which the Secretary  
 19 estimated would have been payable under this title during  
 20 the year for—

21 “(I) payment adjustments under section  
 22 1886(d)(5)(F) for hospitals serving a disproportion-  
 23 ate share of low-income patients; and

1 “(II) the indirect costs of medical education  
 2 under section 1886(d)(5)(B) or for direct graduate  
 3 medical education costs under section 1886(h).”.

4 (2) PAYMENTS TO HOSPITALS OF AMOUNTS AT-  
 5 TRIBUTABLE TO DSH.—Section 1886 of such Act  
 6 (42 U.S.C. 1395ww) is amended by adding at the  
 7 end the following new subsection:

8 “(j)(1) In addition to amounts paid under subsection  
 9 (d)(5)(F), the Secretary is authorized to pay hospitals  
 10 which are eligible for such payments for a fiscal year (be-  
 11 ginning with fiscal year 1998) supplemental amounts that  
 12 do not exceed the limit provided for in paragraph (2).

13 “(2) The sum of the aggregate amounts paid pursu-  
 14 ant to paragraph (1) for a fiscal year shall not exceed the  
 15 Secretary’s estimate of 75 percent of the amount of reduc-  
 16 tions in payments under section 1876 that are attributable  
 17 to the operation of subsection (a)(1)(C)(ii)(I) of such sec-  
 18 tion during such fiscal year.”.

19 **SEC. 3. NATIONAL ADVISORY COUNCIL ON POSTGRADUATE**  
 20 **MEDICAL EDUCATION.**

21 (a) IN GENERAL.—There is established within the  
 22 Department of Health and Human Services an advisory  
 23 council to be known as the National Advisory Council on  
 24 Postgraduate Medical Education (in this section referred  
 25 to as the “Council”).

1       (b) DUTIES.—The Council shall provide advice to the  
2 Secretary on appropriate policies for making payments for  
3 the support of postgraduate medical education in order to  
4 assure an adequate supply of physicians trained in various  
5 specialities, consistent with the health care needs of the  
6 United States.

7       (c) COMPOSITION.—

8           (1) IN GENERAL.—The Secretary shall appoint  
9 to the Council 15 individuals who are not officers or  
10 employees of the United States. Such individuals  
11 shall include not less than 1 individual from each of  
12 the following categories of individuals or entities:

13           (A) Organizations representing consumers  
14 of health care services.

15           (B) Physicians who are faculty members of  
16 medical schools, or who supervise approved phy-  
17 sician training programs.

18           (C) Physicians in private practice who are  
19 not physicians described in subparagraph (B).

20           (D) Practitioners in public health.

21           (E) Advanced-practice nurses.

22           (F) Other health professionals who are not  
23 physicians.

24           (G) Medical schools.

25           (I) Teaching hospitals.



1                   (J) The Accreditation Council on Graduate  
2                   Medical Education.

3                   (K) The American Board of Medical Speci-  
4                   alities.

5                   (L) The Council on Postdoctoral Training  
6                   of the American Osteopathic Association.

7                   (M) The Council on Podiatric Medical  
8                   Education of the American Podiatric Medical  
9                   Association.

10               (2) REQUIREMENTS REGARDING REPRESENTA-  
11               TIVE MEMBERSHIP.—To the greatest extent feasible,  
12               the membership of the Council shall represent the  
13               various geographic regions of the United States,  
14               shall reflect the racial, ethnic, and gender composi-  
15               tion of the population of the United States, and  
16               shall be broadly representative of medical schools  
17               and teaching hospitals in the United States.

18               (3) EX OFFICIO MEMBERS; OTHER FEDERAL  
19               OFFICERS OR EMPLOYEES.—The membership of the  
20               Council shall include individuals designated by the  
21               Secretary to serve as members of the Council from  
22               among Federal officers or employees who are ap-  
23               pointed by the President, or by the Secretary (or by  
24               other Federal officers who are appointed by the

1 President with the advice and consent of the Sen-  
2 ate). Individuals designated under the preceding sen-  
3 tence shall include each of the following officials (or  
4 a designee of the official):

5 (A) The Secretary of Health and Human  
6 Services.

7 (B) The Secretary of Veterans Affairs.

8 (C) The Secretary of Defense.

9 (d) CHAIR.—The Secretary shall, from among mem-  
10 bers of the Council appointed under subsection (c)(1), des-  
11 ignate an individual to serve as the chair of the Council.

12 (e) TERMINATION.—The Council terminates Decem-  
13 ber 31, 2001.

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